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1 UNITED STATES BANKRUPTCY COURT

2 SOUTHERN DISTRICT OF NEW YORK

3 Case No. 20-12345-mg

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5 In the Matter of:

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7 THE ROMAN CATHOLIC DIOCESE OF ROCKVILLE CENTRE, NEW YORK,

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9 Debtor.

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12 United States Bankruptcy Court

13 One Bowling Green

14 New York, NY 10004

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16 April 25, 2023

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21 B E F O R E :

22 HON MARTIN GLENN

23 U.S. BANKRUPTCY JUDGE

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1 HEARING re Hearing Using Zoom for Government RE: First
2 Interim Application For Allowance of Compensation By Lerman
3 Senter PLLC as Special FCC Counsel for the Period From
4 October 14, 2022 Through January 31, 2023 (Docket
5 Nos. 1804, 1944).

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7 HEARING re Hearing Using Zoom for Government RE: Seventh
8 Interim Application For Allowance of Compensation and
9 Reimbursement of Expenses By Berkeley Research Group, LLC As
10 Financial Advisor For The Period From October 1, 2022
11 Through January 31, 2023 [Docket No. 1806, 1944].

12

13 HEARING re Hearing Using Zoom for Government RE: Seventh
14 Interim Application For Allowance of Compensation and
15 Reimbursement of Expenses By Burns Bair LLP as Special
16 Insurance Counsel For The Period From October 1,
17 2022 Through January 31, 2023 [Docket No. 1809, 1944, 1493,
18 1540, 1578, 1631, 1682, 1721, 1894, 1944].

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1 HEARING re Hearing Using Zoom for Government RE: Seventh
2 Interim Application of Sitrick and Company, Inc. for
3 Professional Services Rendered and Reimbursement of Expenses
4 Fees for Professional Services Rendered and Disbursements
5 Incurred for the Period of October 1, 2022 to January 31,
6 2023 [Docket No. 1815, 1944, 1476, 1477, 1504, 1517, 1518,
7 1542, 1619, 1620, 1660, 1694, 1698, 1699, 1788, 1944].

8

9 HEARING re Hearing Using Zoom for Government RE: Seventh
10 Application for Interim Professional Compensation for Reed
11 Smith LLP, Special Counsel, period: 10/1/2022 to 1/31/2023
12 [Docket No. 1827, 1944, 1472, 1482, 1507, 1521,
13 1525, 1551, 1616, 1638, 1667, 1668, 1687, 1752, 1944, 1953].

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15 HEARING re Hearing Using Zoom for Government RE: Seventh
16 Interim Application For Allowance of Compensation and
17 Reimbursement of Expenses By Pachulski Stang Ziehl & Jones
18 LLP as Counsel to the Official Committee of
19 Unsecured Creditors for the Period From October 1, 2022
20 Through January 31, 2023 [Docket Nos. 1803, 1813,
21 1944, 1492, 1539, 1578, 1630, 1682, 1742, 1944)

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1 HEARING re Hearing Using Zoom for Government RE: Jones Day's
2 Seventh Interim Application for Allowance of
3 Compensation for Services Rendered and Reimbursement of
4 Actual and Necessary Expenses Incurred During
5 Retention Period from October 1, 2022 to January 31, 2023
6 [Docket No. 1823, 1944, 1494, 1496, 1519, 1536,
7 1544, 1571, 1622, 1639, 1710, 1716, 1732, 1944].

8

9 HEARING re Hearing Using Zoom for Government RE: Second
10 Interim Fee Application of Jefferies LLC for Compensation
11 for Professional Services Rendered and Reimbursement of
12 Expenses Incurred as Investment Banker for the Debtor
13 and Debtor in Possession from October 1, 2022 to and
14 Including January 31, 2023 [Docket No. 1841, 1944,
15 1945].

16

17 HEARING re Hearing Using Zoom for Government RE: Seventh
18 Interim Application of Alvarez & Marsal North America LLC
19 for Allowance of Compensation for Services Rendered and
20 Reimbursement of Expenses Incurred as Restructuring
21 Advisor to the Debtor During the Period from October 1, 2022
22 Through January 31 [Docket No. 1824, 1944, 1491, 1496, 1538,
23 1544, 1623, 1639, 1717, 1732, 1944, 1953].

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1 HEARING re Hearing Using Zoom for Government RE: Nixon
2 Peabody LLP with Summary Sheet for Seventh Interim
3 Application of Nixon Peabody LLP as Special Counsel to the
4 Debtor from October 1, 2022 through January 31,
5 2023 [Docket No. 1825, 1944, 1457, 1478, 1499, 1500, 1511,
6 1532, 1557, 1559, 1677, 1715, 1732, 1840, 1944].

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8 HEARING re Hearing Using Zoom for Government RE: Fourth
9 Application for Interim Professional Compensation for
10 Services Rendered and Reimbursement of Actual and Necessary
11 Expenses Incurred for Forchelli Deegan Terrana LLP,
12 Special Counsel, period: 10/1/2022 to 1/31/2023 [Docket No.
13 1828, 1944].

14

15 HEARING re Hearing Using Zoom for Government RE: Third
16 Application for Interim Professional Compensation of Binder
17 & Schwartz LLP for the Period from October 1, 2022 through
18 January 31, 2023 [Docket No. 1829, 1843, 1944,
19 1484, 1515, 1533, 1564, 1621, 1670, 1713, 1842, 1944].

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1 HEARING re Hearing Using Zoom for Government RE: Fourth
2 Application for Interim Professional Compensation for
3 Services as Future Claims Representative for Robert E.
4 Gerber, Other Professional, period: 10/3/2022 to 1/31/2023
5 [Docket No. 1833, 1837, 1944, 1434, 1528, 1531, 1579, 1582,
6 1610, 1613, 1661, 1699, 1724, 1820, 1944].

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8 HEARING re Hearing Using Zoom for Government RE: Fourth
9 Application for Interim Professional Compensation for
10 Services as Financial Advisor to Future Claims
11 Representative for Michael R. Hogan, Other Professional,
12 period: 10/3/2022 to 1/31/2023 [Docket No. 1834, 1944, 1529,
13 1580, 1611, 1662, 1727, 1821, 1944].

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15 HEARING re Hearing Using Zoom for Government RE: Fourth
16 Application for Interim Professional Compensation for
17 Services as Counsel to Future Claims Representative for
18 Joseph Hage Aaronson LLC, Other Professional, period:
19 10/3/2022 to 1/31/2023 [Docket No. 1835, 1837, 1944, 1530,
20 1581, 1612, 1663, 1725, 1822, 1944].

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9 ANDREW MINA
10 JAMES MOFFITT
11 CHARLES MOORE
12 KAREN MORIARTY
13 BENJAMIN ROSENBLUM
14 PATRICK STONEKING
15 RAY STONG
16 RICHARD TOLLNER
17 NORA ANNE VALENZA-FROST
18 JAMES J. VINCEQUERRA
19 GREG ZIPES
20 BRENDA L. ADRIAN
21 TIMOTHY BURNS
22 ELIZABETH CATE
23 ANGELA CIPOLLA
24 ARIELLE FELDSHON
25 TRUSHIA GOFFE

1 **UDAY GORREPATI**
2 **ADAM HOROWITZ**
3 **DIETRICH KNAUTH**
4 **GEORGIA KOSMAKOS**
5 **JAMES J. NANI**
6 **JOHN REFIOR**
7 **MICHAEL REICH**
8 **MATTHEW ROBERTS**
9 **CHARLOTTE A. SCHERER**
10 **ADAM M. SMITH**
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12 **CHELSIE WARNER**
13 **CHARLE B. D'ESTRIES**
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1 P R O C E E D I N G S

2 THE COURT: All right. Good afternoon, everybody.

3 This is Judge Glenn. We're here in the Diocese case with
4 respect to a large number of Fee Applications. I have -- as
5 we go through, I have questions about a few of them, but
6 we'll deal with them as we go through. So, let's begin.
7 So, let's start with the Jones Day Application.

8 MR. BUTLER: Yes, sir. This is Andrew Butler with
9 Jones Day for the Debtor.

10 THE COURT: Good afternoon.

11 MR. BUTLER: Good afternoon.

12 THE COURT: All right, go ahead.

13 MR. BUTLER: Your Honor, we have an Interim Fee
14 Application set for today. An agenda for this Interim Fee
15 Application was filed at Docket No. 2033. Our Interim Fee
16 Application is Docket No. 1823, and it covers October 1,
17 2022, through January 31, 2023. If Your Honor has any
18 further questions about the Interim Fee Application, I'm
19 happy to answer --

20 THE COURT: Yeah, let me -- I'm just going through
21 my notes. All right, so the Fee Application seeks approval
22 for \$3,826,536.75 in fees and \$75,428.26 in expenses. Is
23 that correct, Mr. Butler?

24 MR. BUTLER: That's correct, Your Honor.

25 THE COURT: All right. I don't have any

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1 questions. Does anybody else wish to be heard with respect
2 to the Jones Day Application? All right.

3 MR. ZIPES: Your Honor --

4 THE COURT: Go ahead.

5 MR. ZIPES: I'm sorry. Your Honor, Greg Zipes
6 with the U.S. Trustee's Office.

7 THE COURT: Hi, Mr. Zipes.

8 MR. ZIPES: My -- good afternoon. My office has
9 reviewed these Fee Applications and there's an understanding
10 with the parties that we're going to be doing a more fulsome
11 review at the end of the case. But the case has now lasted
12 quite a bit of time and I may be speaking with the parties
13 about doing a more fulsome review with the next Fee
14 Application as opposed to waiting till the end of the case,
15 and I just wanted to let the Court know that's the case.
16 There's -- my office is reviewing matters.

17 THE COURT: All right. Thank you. Anybody else
18 want to be heard? All right. The Application is approved.

19 MR. BUTLER: Thank you, Your Honor.

20 THE COURT: All right. Let's go to the Seventh
21 Interim Application of Reed Smith. It's ECF Docket 1827.

22 MR. JAVIAN: Good afternoon, Your Honor. Aaron
23 Javian, Reed Smith, LLP. Reed Smith acts as Special
24 Insurance Counsel to the Debtors. We're seeking approval of
25 our fees during the fee period in the amount of \$714,248.50

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1 and our expenses in the amount of \$3,576.61, for a total of
2 \$717,825.11. If Your Honor has any questions, I'm happy to
3 respond or answer them.

4 THE COURT: Does anybody else wish to be heard
5 with respect to the Reed Smith application? I'm just
6 reviewing my notes. Give me a moment. All right. It's
7 approved, as well.

8 MR. JAVIAN: Thank you.

9 THE COURT: Next is Alvarez & Marsal North
10 America, LLP. The application is ECF 1824, seeks fees of
11 \$435,787.50 and expenses of \$354.18. Who wants to be heard
12 with respect to this application?

13 MR. MOORE: Hello, Your Honor. This is Charles
14 Moore from Alvarez & Marsal, Restructuring Advisor to the
15 Debtor.

16 THE COURT: All right. Does anybody else wish to
17 be heard with respect to the Alvarez & Marsal application?
18 All right. It's approved, as well.

19 MR. MOORE: Thank you, Your Honor.

20 THE COURT: All right. Next, I have the Nixon
21 Peabody application. It's at ECF 1825. It seeks fees of
22 \$424,476.50 and expenses of \$516.17. Who wants to be heard?

23 MR. Good afternoon, Your Honor. Chris Desiderio
24 from Nixon Peabody on behalf of Nixon Peabody, who acts as
25 Special Counsel to the Debtors. No objection received. We

1 request the Application be granted.

2 THE COURT: Does anybody else wish to be heard
3 with respect to the Nixon Peabody application? Just give me
4 a second. All right. It's approved, as well. All right.
5 Next, I have the Seventh Interim Application of Sitrick &
6 Company. It's at ECF 1815. It seeks fees of \$27,233.50 and
7 expenses of \$560.00. Who wants to be heard with respect to
8 the Sitrick application?

9 MS. ADRIAN: Your Honor, this is Brenda Adrian
10 with Sitrick & Company.

11 THE COURT: Okay. Let me see whether anybody else
12 -- and I've reviewed all of these, along with my law clerks,
13 as well. Anybody else wish to be heard with respect to the
14 Sitrick application? All right. It's approved. Okay.
15 Next is the Pachulski Stang Ziehl & Jones application, which
16 is ECF Document 1803. It seeks fees of \$3,050,729.50 and
17 expenses of \$639,143.42. Mr. Stang, are you presenting or
18 is somebody else?

19 MR. STANG: Hello? There we go. Thank you, Your
20 Honor. James Stang, Pachulski Stang Ziehl & Jones for the
21 Committee and for the firm. Your Honor, those are current
22 recitals of the amounts we're seeking. I want to just make
23 two comments. First, we have a subcommittee of the
24 Committee that reviews our fees on a monthly basis, so the
25 client has direct review of those applications and invoices

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1 before they get filed with the Court. Second, Paragraph 13
2 of our application, we reference the fact that we are
3 putting 10 percent of the fees that we collect in the case
4 to a trust fund. It came to my attention last week that
5 accounting -- I'll blame accounting -- was not putting those
6 monies into a separate trust account. Since I learned of
7 that, we have funded from interim payments we just received,
8 almost all of the 10 percent and we will top it off with
9 whatever monies we get from this application. And in the
10 future, we will ensure, and accounting has been instructed,
11 that 10 percent is to go into that account as it's received.

12 THE COURT: Okay. Thank you very much, Mr. Stang.
13 I do have -- I don't have any questions about the fees.
14 Well, let me see, is there anybody else that wants to be
15 heard on the Pachulski fee application? I don't have any
16 questions about the fees, and I guess I should have said at
17 the start, I'm not picking on you about this, Mr. Stang.
18 You've pointed this out multiple times at hearings, this
19 case has been incredibly expensive. The area that I do have
20 a question about is in the expenses.

21 MR. STANG: Yes, sir.

22 THE COURT: The expenses include a line item for
23 outside services and that, which totaled \$586,788.50. It's
24 over 91 percent of the expenses. So, this category of
25 "outside services" came up at a prior hearing and I had a

1 colloquy with Ms. Dine about it and so, what I'm going to
2 refer to is in the hearing transcript of December 16, 2022,
3 at Pages 16 and 17. And at the time of that last hearing,
4 the largest item was the same category of "outside
5 services", and I raised questions about it at that hearing.
6 And here's the colloquy, Ms. Dine said, "There was an Order
7 entered earlier in the case allowing for the retention of
8 certain experts without going through the application
9 process and having the fees passed through counsel. And so,
10 the outside services, I think, in this application period
11 are for Claro Group, who is our Claims Advisor. They are
12 reviewing the claims and evaluating the claims for us, as
13 well as Rock Creek Advisors, who is a firm that addresses
14 pension and benefit issues and they have been looking, with
15 us, at the Debtor's pension and welfare plans." Ms. Dine
16 went on from there, but -- and I responded, "It would be
17 helpful if there was some description provided so that you
18 know would inform me better about what it's for. When I see
19 a big sticker price on an item, whether it's described as
20 "outside services" or exactly what it is, in the case the
21 Debtor, it was "hosting charges" was the description of it.
22 It would be helpful to me, you have more of a better
23 description, okay?"

24 And Ms. Dine responded, "Absolutely, Your Honor,
25 and frankly, when I was looking at the application in

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1 preparation for the hearing, I was thinking that probably we
2 should have explained that, and we'll do that in the
3 future." Let me just say that the reference, in my remarks,
4 to the Debtor's expense report, which includes "hosting
5 services", and that was explained to me what that was, it
6 was data, obviously. So, your firm started to include more
7 details in its bills for other categories of expenses, but
8 the details for expenses within "outside services" is still
9 lacking. For instance, across the Interim Fee Applications
10 and invoices, it appears that your firm paid the following
11 amounts simply to "invoices" for the following services
12 without further description, totaling hundreds of thousands
13 of dollars. I mean, you know, I won't give you the specific
14 amounts now. So, these amounts for "outside services" are
15 being paid or eclipsing the amounts for many of the retained
16 professionals in the case that are subject to filing fee
17 applications.

18 And while Ms. Dine stated that your firm is
19 procedurally responsible for fronting these costs and filing
20 its own application, under the current procedural
21 arrangements, you know, I want to know more. This is huge
22 dollars, and I don't know if -- I don't expect you -- if you
23 can give it to me, that's fine. If not, I'd like to see it
24 in a subsequent -- I don't know what -- what the Order that
25 Judge Chapman entered that permitted this. I never would

1 have, but that's -- you know, I'm not going back on what
2 Chapman -- what Judge Chapman did. But it's a huge number,
3 Mr. Stang and I need to have more transparency about what it
4 is. If -- you know, if it involves confidential
5 information, for example, I don't have a problem about
6 redacted copies being filed on the docket and with me
7 getting unredacted copies. But I'm just uncomfortable, and
8 I don't know, Mr. Zipes, whether this is an office your
9 office has looked at or not, and I don't mean to be picking
10 on you about it. I raised this before with Ms. Dine and I'm
11 just not satisfied.

12 MR. STANG: Your Honor. I'm sorry, I don't want
13 to cut in front of Mr. Zipes, but --

14 THE COURT: No, you -- but go ahead, Mr. Stang.
15 Go ahead.

16 MR. STANG: Your Honor, I'm -- I haven't gotten
17 the message yet from Ms. Michael or Ms. Dine but within 10
18 days, we will submit to you a more detailed description of
19 the services provided by Claro, now known as Stout through a
20 corporate acquisition and the Rock Creek folks.

21 THE COURT: There was also -- there was also a big
22 amount for CBRE. Was that real estate related?

23 MR. STANG: Yes, that's regarding real estate
24 title records and valuations.

25 THE COURT: Okay.

1 MR. STANG: But we'll do the same for them, as
2 well.

3 THE COURT: Okay.

4 MR. STANG: And Your Honor, do you want to see
5 their invoices, or do you want a narrative description of
6 what they've done with a breakout of the dollar amount for
7 each one?

8 THE COURT: Let me ask Mr. Zipes about whether
9 your office has looked at this or not.

10 MR. ZIPES: Your Honor. Good afternoon, Greg
11 Zipes. We haven't looked at the specific invoice, but we
12 have had general discussions and sometimes the issue is that
13 there's ongoing litigation and there's a concern that
14 there's a desire to be somewhat vague and sometimes it's
15 more vague than other times.

16 THE COURT: Yeah. I don't have a problem, you
17 know, and that's why I say, I'm open to have this stuff
18 redacted if there's a reasonable argument. Yeah, I think
19 unredacted copies have to be given to the U.S. Trustee's
20 office, and unredacted copies have to be given to me. But
21 to the extent appropriate, I don't have a problem about
22 redacted copies going -- it was just big dollar numbers and
23 I'm not -- I don't mean to be faulting anybody. I raised
24 this before and I'm just not there yet on it.

25 MR. STANG: Your Honor, I would ask for this.

1 Allow us to give you, on the record, on the docket, a
2 narrative of the description of what each is doing, without
3 invoices. Submit to you -- I don't know if the right word
4 is "seal" or off the record, the invoices, copy U.S. Trustee
5 with those, as well, and then, if you feel that invoices
6 should be filed on the docket redacted, we'll certainly do
7 that. I don't know if the Debtor or other professionals are
8 also paying in a sense, "off the books", to professionals,
9 but --

10 THE COURT: We'll find a different term to apply
11 for that, okay?

12 MR. STANG: Okay. Fair enough. "Off-line",
13 maybe? You know, if it's the amount of dollars that are
14 involved here that drew your attention to us, that's fine.
15 I just want to make sure the goose and the gander are
16 treated the same.

17 THE COURT: Yeah. If the amount -- let me go back
18 a second. Hold on. You know, when I -- because I -- the
19 Debtor's application, the largest expense item on this one
20 is "hosting charges", \$54,201.87, and I asked about an
21 explanation about it before. So, I understand what that is.
22 So, there -- let's put it -- the total expenses that the
23 Debtor is seeking in this application is \$75,428.26. The
24 biggest item is "hosting charges", which I got a
25 satisfactory explanation for. So, I don't think -- I mean,

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1 if there were similar items, I would certainly be asking you
2 about the same thing because I did before, okay.

3 MR. STANG: Our expenses clearly dwarf those.

4 THE COURT: Yeah.

5 MR. STANG: And so, we will, within 10 days, Your
6 Honor, submit -- this is what I'm proposing, submit to you
7 and -- well, file a narrative for each of the professionals
8 that compose the major components of those expenses and then
9 submit to Chambers and to the U.S. Trustee, unredacted
10 copies of invoices.

11 THE COURT: Let me -- I didn't go back to look at
12 the exact amounts from the last Interim Fee Application. Is
13 it of similar -- do you remember or know whether it's a
14 similar magnitude?

15 MR. STANG: I don't, but we can do it for both
16 periods, Your Honor.

17 THE COURT: Let me suggest this, and I don't want
18 to delay, particularly if you've -- what Ms. Dine said, that
19 you were fronting these costs, and I'm not looking to have
20 your firm out of pocket for it. What I'm going to do is,
21 I'm going to approve now all the other expenses. Subtract
22 out the \$586,788.50. Let me see the -- you know, put on the
23 docket a narrative -- brief narrative and send me the --
24 send the Court and the U.S. Trustee the invoices and I'll
25 act on it promptly. I'm not looking to have your firm out

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1 of pocket for this amount or any other amount. So, I'm not
2 looking --

3 MR. STANG: (indiscernible)

4 THE COURT: -- to punish anybody for that, so --

5 MR. STANG: But we certainly aren't -- but we
6 aren't taking your comments to be in that -- in that tenor.
7 So, that's fine, Your Honor.

8 THE COURT: And what I would suggest is, if the
9 "outside services" item remains a large sticker item going
10 forward, provide the narrative with the application and
11 then, to the extent you need, to file the invoices redacted,
12 okay?

13 MR. STANG: Okay, got it.

14 THE COURT: Okay. All right. So, again, I'm
15 approving your Fee Application. The Application for Fees
16 and the Application for Expenses, holding back for,
17 hopefully, a very prompt resolution by the Court, that
18 "outside services" item. And I won't keep you waiting very
19 long.

20 MR. STANG: And Your Honor, I wrote down
21 \$586,788.50.

22 THE COURT: That's what I have written down.

23 MR. STANG: Okay. Thank you.

24 THE COURT: You can double check it because I'm
25 going from notes I have in front of me and I could have made

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1 a mistake when I did it, so --

2 MR. STANG: That accounting department that didn't
3 do the 10 percent, I will ask them to double check.

4 THE COURT: Okay. All right. Thanks. Okay. So,
5 next is the Seventh Interim Fee Application of Burns Bair,
6 LLP as Special Insurance Counsel to the Committee. And
7 they're seeking fees of \$411,679.25 and expenses of
8 \$11,848.82.

9 MR. BAIR: Your Honor, this is Jesse Bair from
10 Burns Bair, Special Insurance Counsel for the Committee.
11 Your Honor recited those numbers correctly. If you have any
12 questions, we're happy to respond.

13 THE COURT: Okay. I do have some comments for
14 you. I'm -- does anybody else want to be heard with respect
15 to this, the Burns Bair, LLP application? Okay. I'm going
16 to approve it but listen to this carefully because it's been
17 raised before, okay. The application does not provide a
18 summary chart that breaks out its billings by project
19 category as specified by the Southern District Amended
20 Guidelines. This makes it very difficult to calculate
21 whether the preparation of your fee application fits within
22 -- well, I'll refer to it as the "Mesa Air Guidelines",
23 actually a case that Mr. Stang's firm represented the Debtor
24 in, where I dealt with, what's a reasonable -- what's the
25 range for fees for preparing fee applications? So, the

1 admission of a group summary chart is an issue that your
2 firm was reminded of during the most recent Omnibus Hearing
3 on December 16, 2022. You can look at the transcript, at
4 Pages 17 and 18, yet you still fail to include the chart.
5 It won't happen again, meaning, I won't approve your fees
6 again if you don't do what the Rules require.

7 MR. BAIR: Yeah, thank you Your Honor. The charts
8 we included were intended to address your concern, but --

9 THE COURT: Well, it didn't.

10 MR. BAIR: -- it appeared that we misapprehended
11 what the concern was. And so, we will discuss with the
12 professionals on our end and make sure that our submission
13 includes the correct chart going forward.

14 THE COURT: Okay. All right. The next on my list
15 is the Berkeley Research Group, ECF 1806. Who is appearing
16 for them?

17 MR. STRONG: That me, Your Honor. Ray Strong on
18 behalf of Berkeley Research Group. During the period -- the
19 reporting period, Berkeley is asking for approval of interim
20 fees of \$573,973.50 and expenses of \$32,042.00. We've
21 received no objections. I'm happy to answer questions --

22 THE COURT: \$32.42 were the expenses, right?

23 MR. STRONG: Correct.

24 THE COURT: Okay. All right. Anybody else --
25 anybody have anything they want to say about this

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1 application? All right. It's approved.

2 MR. STRONG: Thank you, Your Honor.

3 THE COURT: Okay. Next is Forchelli Deegan
4 Terrana, LLP. The application is ECF 1828. It seeks fees
5 of \$17,612.50 and no expenses.

6 MR. LUCKMAN: Good afternoon, Your Honor. Gerard
7 Luckman, Forchelli Deegan Terrana, Special Real Estate
8 Counsel to the Debtor.

9 THE COURT: Nice to see you again.

10 MR. LUCKMAN: Good seeing you too, Your Honor.

11 THE COURT: Even if it's --

12 MR. LUCKMAN: It's been a while.

13 THE COURT: Even if it's across the screen. All
14 right. Anybody have anything they want to say about this
15 application? All right. It's approved.

16 MR. LUCKMAN: Thank you, Your Honor.

17 THE COURT: Thanks, Mr. Luckman. All right. All
18 right. Next is the Binder & Schwartz Third Interim Fee
19 Application as Counsel to Special Mediator Arthur Gonzalez.
20 The application is ECF 1829.

21 MR. FISHER: Good afternoon, Your Honor. Eric
22 Fisher on behalf of Binder & Schwartz. The application is
23 in the amount of \$7,107.30 and no expenses and there's no
24 objection to the application.

25 THE COURT: All right. I -- I -- I have a problem

1 -- your -- Mr. Fisher. Correct me if I'm wrong, okay. The
2 time spent preparing -- well, for both preparing the fee
3 application and the retention application was 43 percent of
4 the total billed in the interim period. The Mesa Air
5 decision that I referred to earlier, quite some time ago, I
6 said that the range -- I didn't come up with a precise
7 range, but I said that fees incurred in preparing fee
8 applications should generally not exceed the 3 to 5 percent
9 range of the application. And what I said is, the larger
10 the fee application, the smaller the percentage, the higher
11 the -- the smaller the fee application, it may be a higher
12 percentage. And I separate out the time preparing fee
13 applications, from retention applications because they're
14 not the same. The time preparing the retention application
15 is recoverable. But when we reviewed the individual time
16 records, it shows that the majority of the time that was
17 billed is, indeed, spent on the fee applications. And
18 here's what's bothering me, there's 12 hours of time charged
19 preparing fee applications and 5 hours for the substantive
20 work. And maybe I'm getting it wrong and please correct me
21 if I'm wrong, but it just -- I mean, it can't cost more to
22 prepare a fee application than what you're charging for the
23 work you're doing.

24 MR. FISHER: Your Honor, you're not -- you're not
25 getting it wrong. The value of the work on the substantive

1 matters exceeds the value of the time spent on the fee
2 application, and I appreciate the problem, and I think part
3 of the problem is that the substantive time that we devote
4 to this matter is important, but minimal. And I will tell
5 the Court that before submitting these applications, we
6 actually do write off a lot of the time associated with
7 preparing the fee applications. But I'm open to any
8 solutions to this problem that the Court proposes, including
9 writing off substantially more of the fee application time.

10 THE COURT: Look, the reason -- I don't know
11 whether you ever read my Mesa decision, I repeated the same
12 reasoning in a Borders Books opinion I wrote quite some time
13 ago, again, and I've really been consistent throughout -- in
14 applying the range. Look, from my standpoint, it makes
15 practical good sense. I mean, you can't -- the amount that
16 you can bill for preparing fee applications, which is
17 recoverable, has got to be fraction of what you're putting
18 in time. I mean, you can do it -- look, I recognize that
19 when I get fee applications for relatively small amounts,
20 such as the ones that you're submitting, it -- you know, I
21 don't look at those applications quite the same, for the
22 same level of detail that I would get in a big application.
23 Mr. Zipes, I don't know whether -- did you -- has your
24 office looked at this issue here or --

25 MR. ZIPES: Your Honor, I don't want to pick on

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1 Mr. Fisher, but we had an issue at the beginning of the case
2 with retention -- time spent on the retention application.
3 And I think, as he stated, he struggles with the fact that
4 his firm doesn't have a lot of hours dealing with this and I
5 -- I don't have a great solution for that. I mean, it's --
6 it is -- it is what it is. And I -- so, Your Honor, I think
7 we were deferring this issue because --

8 THE COURT: All right.

9 MR. ZIPES: -- there might be -- there might be
10 months where he's putting in substantially more time and the
11 percentages might true up a little bit more. But I do think
12 it's a live issue, Your Honor. I'm not --

13 THE COURT: Let me just put it this way -- look,
14 what Mr. Fisher and his firm have done in other, much more
15 substantial cases in front of me, can't be what leads me to
16 what the result should be here. I'd just say, you know,
17 I've had considerable experience with Mr. Fisher and his
18 firm and have only the strongest, positive feelings about
19 the quality of their work, and the fairness in everything
20 they've done. So -- but, okay -- here's what I'm going to
21 do. I'm going to approve fees in the amount of \$5,000.00.
22 You've got to -- you know, Mr. Fisher, I know that Judge
23 Gonzalez has a more limited role in this case, and unless
24 that changes, your fee applications are not going to -- are
25 going to pale in comparison to the fees of the other

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1 professionals in the case. I just -- you just need to look
2 at this more carefully going forward. I certainly
3 understand, as I suggested, that if a fee -- and I recognize
4 this, the smaller the total fee application, the higher the
5 percentage is going to be, but it's okay because you have to
6 do fee applications. But I'm going to leave it to you and
7 your colleagues' professional judgment to figure out how to
8 do this in a way that is appropriate. It just can't be that
9 I'm approving more for preparing the fee application than
10 for the work. It just -- it just can't happen. Okay?

11 MR. FISHER: Understood, Your Honor, and I --

12 THE COURT: All right. Submit an Order that
13 approves your fees in the amount of \$5,000.00. You had no
14 expenses that you were seeking, okay?

15 MR. FISHER: Correct.

16 MR. ZIPES: Your Honor, it's Greg Zipes. Can I --
17 can I just make a suggestion?

18 THE COURT: Absolutely.

19 MR. ZIPES: I know that the applications need to
20 be filed every 120 days and that's one of the rules that
21 we're dealing with. I do think that, perhaps, if the Court
22 is willing to consider this, that fee applications be filed
23 maybe every six months and notwithstanding the rule and --

24 THE COURT: Well, I'm not going to do that with
25 the Jones Day or Pachulski (indiscernible)

1 MR. ZIPES: No, absolutely. Absolutely, Your
2 Honor. And I'm, sort of, suggesting this on the fly, as
3 well. But there are different ways of dealing with it.

4 THE COURT: All right. You know, Mr. Zipes, why
5 don't you talk with -- because there are some others that,
6 you know -- I have the Joseph Hage Aaronson application for
7 \$6,810.00 and no expenses. You know, it's the Future Claims
8 Representative's counsel. There are -- I think that the
9 Lerman Senter application was seeking \$6,544.39 and I'll
10 deal with some other issues about that one, but I'm open to
11 -- maybe, Mr. Zipes, you can come up with a proposal that,
12 for applications totaling less than, figure out what the
13 dollar is, they can be filed less frequently, okay?

14 MR. ZIPES: We'll do that, Your Honor. I don't
15 want to make that a practice, but it --

16 THE COURT: No.

17 MR. ZIPES: -- it makes sense in a case like this
18 --

19 THE COURT: Yeah.

20 MR. ZIPES: -- where there's a few of these that
21 need to be reviewed.

22 THE COURT: Okay. All right. All right. So, the
23 next application is the Lerman Senter, PLLC application
24 seeking fees of \$6,544.39 and no expenses. Who is appearing
25 with respect to that application? Anybody?

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1 MS. MICHAEL: Your Honor, this is Brittany Michael
2 from Pachulski Stang Ziehl & Jones on behalf of the
3 Committee. I believe, given the small amount at issue, no-
4 one from Lerman is on the line, but -- and we can attempt to
5 answer questions or communicate questions.

6 THE COURT: Sure. The fee application -- here's
7 the -- the major problem we spotted. The fee application,
8 which, again is ECF 1804, is missing 9 hours in invoice
9 entries and does not break out the hours into the required
10 billing categories. They're going to have to -- I'm not
11 approving the Lerman Senter application. They're going to
12 need to resubmit it. That doesn't have to be held until the
13 next fee hearing, but I'm not approving this one. I mean,
14 it's just -- you know, the fee application is only seeking
15 \$6,544.39, but it's missing 9 hours of -- you know, it
16 doesn't have the invoice entries, it doesn't break down
17 hours. We have requirements, so have a discussion with
18 them, would you please?

19 MS. MICHAEL: Understood, Your Honor. We will.

20 THE COURT: All right. Next is the Fourth Interim
21 Application of the Future Claims Representative. It's --
22 the application is ECF 1833. It seeks fees of \$74,340.00
23 and expenses of \$197.85. Mr. Gerber, are you presenting?

24 MR. GERBER: Yes, Your Honor, with your consent,
25 I'll present, not just on my own behalf, but also for my

1 Financial Advisor, Michael Hogan and my firm, as well.

2 THE COURT: All right. Let me just say, the Hogan
3 application, which is ECF 1834 seeks \$80,537.50 in fees and
4 expenses of \$2,775.34. And the Joseph Hage Aaronson, LLC
5 application is ECF 1835, and it seeks fees of \$6,810.00 and
6 no expenses. Go ahead, Mr. Gerber. (indiscernible)

7 MR. GERBER: That's right, and --

8 THE COURT: You could do them in order, or you can
9 do all three of them.

10 MR. GERBER: All those numbers are correct, Your
11 Honor, and with your consent, I'll speak only to answer
12 questions. There were no objections to any of the three.

13 THE COURT: Does anybody want to be heard with
14 respect to those three applications? Okay. I don't have
15 any questions, so I'm approving the Fourth Interim
16 Application of the Future Claims Representative, fees of
17 \$74,340.00, expenses of \$197.85, the Fourth Interim
18 Application of Michael R. Hogan, ECF 1834, approving fees of
19 \$80,537.50, expenses of \$2,775.34 and the Fourth Interim Fee
20 Application of Joseph Hage Aaronson, ECF 1835, fees of
21 \$6,810.00 and no expenses. So, those three are approved and
22 you can submit the Orders and they'll be entered. Okay?
23 Thanks very much. Okay. The next is the Second Interim
24 Application of Jefferies, LLC. It's at ECF Docket No. 1841.
25 It seeks fees of \$200,000.00 and expenses of \$50,000.00.

1 Who is presenting for Jefferies?

2 MS. SCHRAG: Good afternoon, Your Honor. Sarah
3 Schrag of Dentons U.S., LLP on behalf of Jefferies.

4 THE COURT: Okay. Let me just flip in my notes.

5 Okay, so the Jefferies fees seeking \$200,000.00 represents
6 their monthly fees, \$50,000.00 per month for the four-month
7 periods pursuant to the engagement letter. And the
8 \$50,000.00 in expenses is the maximum allowable under the
9 engagement letter. And the application includes the
10 certification of Richard Morgner, it's Exhibit A to the
11 application. Does anybody have any questions about the
12 Jefferies application? Okay. It's all approved. I would
13 just note that Jefferies expenses included the fees for
14 Sidley Austin in connection with Jefferies' engagement,
15 that's Exhibit B to the application. And Jefferies provided
16 detailed invoices for its payments to Sidley Austin, and
17 although Jefferies does not provide an actual total for its
18 expenses, a review of Exhibit B reveals that Jefferies out-
19 of-pocket expenses totaled more than \$50,000.00 during the
20 interim period, but the expenses are capped by the
21 engagement letter to the \$50,000.00. Do I have that right,
22 Ms. Schrag?

23 MS. SCHRAG: Yes, that's right, Your Honor. Thank
24 you.

25 THE COURT: Okay. So, if -- the Jefferies

1 application is approved.

2 MS. SCHRAG: Thank you, Your Honor.

3 THE COURT: Okay. So, that deals with all of the
4 applications today. Let me -- just give me a moment,
5 please. Mr. Butler, anything that you want to raise?

6 MR. BUTLER: No, Your Honor. We'll coordinate
7 among the professionals and have a proposed Order submitted
8 to Chambers.

9 THE COURT: Mr. Stang, anything you want to raise?

10 MR. STANG: No, Your Honor. Thank you.

11 THE COURT: All right. Anybody else want to be
12 heard?

13 MR. ZIPES: Your Honor, Greg Zipes with the U.S.
14 Trustee's Office. Just very quickly --

15 THE COURT: Sure.

16 MR. ZIPES: -- the status of this -- of the fee
17 applications is that there are no hold backs, generally, for
18 the period prior to the current interim fee applications.
19 And I -- given that there are uncertainties in the case, my
20 office may be re-examining the holdback issues with the
21 parties. It's not a pleasant subject for them necessarily,
22 but it may be necessary given the status of the case. It's
23 --

24 THE COURT: I agree.

25 MR. ZIPES: (indiscernible)

1 THE COURT: I agree. But none of the
2 professionals should be in for -- you know, or surprised.
3 There needs to be adequate notice if your office is going to
4 seek to impose a holdback requirement.

5 MR. ZIPES: Absolutely.

6 THE COURT: Okay. We'll leave it at that today.
7 All right. We are adjourned.

8 (Whereupon these proceedings were concluded at
9 2:40 PM)

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3 I, Sonya Ledanski Hyde, certified that the foregoing
4 transcript is a true and accurate record of the proceedings.

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Sonya M. Ledanski Hyde

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8 Sonya Ledanski Hyde

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